

Message Text

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PAGE 01 OTTAWA 03157 301836Z

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EO 11652 GDS

TAGS PARM, TECH, AR

SUBJ ARGENTINE NUCLEAR PROGRAM

REF BUENOS AIRES 7083

1. ON THE BASIS OF INFORMATION FILTERING BACK THROUGH TECHNICAL PERSONNEL OF ATOMIC ENERGY OF CANADA LTD. AND OTHER INFORMATION INDEPENDENTLY AVAILABLE TO THIS EMBASSY, WE CONCUR WITH THE EXCELLENT

ANALYSIS IN REFTEL. OUR ONLY OBSERVATION IS A MINOR ONE AND THAT IS TO NOTE SOME SURPRISE AT THE 10 PERCENT FIGURE IN PARA 9. WHILE CANDU'S CAN, IN HIGHLY DEVELOPED NORTH AMERICAN CONTEXT, OUT-PERFORM LWR'S AND IN CERTAIN CIRCUMSTANCES PROVIDE ELECTRICITY AT EQUAL OR LESS COST (MILS/KWHR TO THE BUSS BAR) THAN LWR'S, AECL TECHNICAL STAFF CONFIDENTIALLY CONCEDE THAT MARGIN IN FAVOR OF LWR'S UNDER ARGENTINE CONDITIONS MAY BE EVEN SOMEWHAT GREATER THAN 10 PERCENT NOTED IN REFTEL, I.E., PERHAPS IN THE RANGE OF 12-15 PERCENT.

2. INFORMATION AVAILABLE HERE INDICATES AECL IS NOW ACTIVELY NEGOTIATING WITH ARGENTINE AUTHORITIES FOR ADDITIONAL REACTORS AND ASSISTANCE IN HEAVY WATER PRODUCTION. NOW THAT THE BG MEETING HAS REMOVED SOME OF THE PRESSURE WHICH COULD HAVE LED TO HASTY DECISION-MAKING UNDER CONFLICTING PRESSURES WITH THE

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PAGE 02 OTTAWA 03157 301836Z

CONSEQUENT RISKS ALWAYS ASSOCIATED WITH SEEKING DECISIONS UNDER SUCH CIRCUMSTANCES (SEE OTTAWA 2754), WE BELIEVE THE TIME MAY

BE RIPE FOR CANDID DISCUSSIONS WITH THE CANADIANS CONCERNING THE LONG-RANGE IMPLICATIONS OF THEIR ARGENTINE ACTIVITIES. MISSION REPORTING FROM VIENNA REINFORCES OUR VIEW FROM HERE THAT CANADIAN COMMITMENT TO ADEQUATE SAFEGUARDS AND NPT PRINCIPLES REMAINS STRONG DESPITE COUNTERPRESSURES FROM MORE ECONOMICALLY MOTIVATED ELEMENTS WITHIN GOC.

3. ACCORDINGLY, WE WOULD LIKE TO SUGGEST THAT THE DEPT CONSIDER BILATERAL TALKS WITH THE GOC AT A RELATIVELY EARLY DATE. IN THESE TALKS, THE ANALYSIS IN BUENOS AIRES REFTEL COULD BE USED AS A BASIS FOR EXPRESSING OUR CONCERN AT ALL LEVELS, TECHNICAL, MILITARY, ECONOMIC, AND POLITICAL, WITH THE DEVELOPING SITUATION. WITH DEFT HANDLING WE BELIEVE THERE IS A REASONABLE CHANCE THAT THE GOC COULD BE SUFFICIENTLY IMPRESSED WITH THE DANGERS OF THE EVOLVING ARGENTINE PROGRAM THAT THEY COULD BE PERSUADED TO WITHHOLD OR AT LEAST PROCRASTINATE ON COOPERATION IN ONE OR MORE VITAL AREAS OF THE CANDU SYSTEM AND THUS BUY TIME IN WHICH HOPEFULLY THE ARGENTINE INTERNAL PICTURE MIGHT STABILIZE ENOUGH TO GIVE US BOTH A BETTER INDICATION OF HOW WE SHOULD PROCEED TO BEST PROTECT OUR INTERESTS IN AVOIDING FURTHER PROLIFERATION OF NUCLEAR EXPLOSIVE CAPABILITY. WE RECOGNIZE THAT TO OBTAIN THIS COOPERATION WE WOULD HAVE TO PROVIDE THE CANADIANS WITH REASSURANCE THAT WE WOULD NOT UNDERCUT THEM AND FURTHER THAT THE GOC WOULD HAVE TO MOVE WITH CONSIDERABLE CIRCUMSPECTION SO AS NOT TO THROW THE ARGENTINES PRECIPITOUSLY INTO THE ARMS OF THE INDIANS OR FRENCH. BOTH OF THESE FACTORS SHOULD BE WEIGHED CAREFULLY BEFORE APPROACHING THE CANADIANS.

4. IF THE DEPARTMENT BELIEVES THERE IS MERIT IN THE SUGGESTED BILATERAL TALKS, IT MAY DESIRE TO FIRST SOLICIT THE VIEWS OF OTHER CONCERNED POSTS IN ORDER TO ASSURE THAT OUR PERSPECTIVE FROM HERE IS CONSISTENT WITH THEIRS. CLEARLY THERE ARE A GREAT MANY FACTORS IN PLAY AND WE ARE NOT IN A POSITION TO KNOW OR EVALUATE MORE THAN A SMALL PORTION OF THEM.

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